



State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.revenue.wi.gov>

Jim Doyle
Governor

Roger M. Ervin
Secretary of Revenue

Senate Public Health, Senior Issues, Long Term Care and Privacy Committee Hearing,
March 12, 2008

**Assembly Bill 771 as amended by AA1 - Use of a social security number as personal identifier in the administration of a state or local governmental program
(Representative Lothian)**

Description of Current Law and Proposed Change

The bill as amended prohibits state agencies and local governments from using social security numbers (SSNs) as identifiers effective July 1, 2009. This prohibition applies to agencies' work in administering all state programs except when the use of SSN:

- is required by state or federal law or regulation
- is specifically authorized by state or federal law or federal regulation
- receipt of federal aids is conditioned upon the use

Violators are subject to a penalty of up to \$500 for each violation.

Fairness/Tax Equity

- The bill is intended to ensure the protection of the personal information of Wisconsin citizens.
- The bill would prompt the use of alternative identifiers for administrative purposes for state agencies and local governments that lack specific authority to use SSNs or for purposes other than that required or authorized by state or federal law or federal regulation.

Administrative Impact/Fiscal Effect

- In an effort to safeguard private taxpayer information, the Department of Revenue (DOR) no longer uses SSNs in correspondence with taxpayers unless specifically required to do so by federal law.
- DOR is authorized by federal law [42 U.S.C. § 405(c)(2)(C)(i), (iv)] to use the SSN for tax administration purposes. The SSN is necessary to ensure that DOR:
 1. posts income tax returns to the correct individual tax accounts;
 2. matches employer withheld taxes and quarterly estimated income tax payments to the right income tax returns;
 3. matches federal tax return information to state tax return information and vice versa;
 4. certifies wages of the right taxpayer for delinquent taxes;
 5. matches bank and payer information returns to the right taxpayers;
 6. levies the right bank accounts for delinquent tax collections;
 7. offsets federal refunds against delinquent state taxes and vice versa;
 8. offsets state tax refunds against delinquent taxes, other state agency, and local government debts.

- There is no other number that is used by all federal, state and local governments as well as businesses such as banks, employers, corporations that pay dividends, etc.
- DOR is not authorized by state or federal law or federal regulation to use SSNs for Business Tax Registration. State administrative rules allow DOR to use SSNs for this purpose. Without an additional exception for state administrative rules, DOR will incur significant administrative costs modifying the current Business Tax Registration system.
- If the bill was amended to allow the use of SSNs when authorized by state regulations, the bill would have a minimal fiscal effect and would have no administrative costs.

DOR Position

The department would support the bill if it was modified to provide an additional exception for agencies' use of SSNs as authorized by state administrative rules, which are authorized by the Legislature.

Contact: Sherrie Gates-Hendrix, (608) 267-1262

BC:kg
L:\session 07-09\hearings\bclab0771Sen.doc